United Nations A/57/474

General Assembly

Distr.: General
15 October 2002

Original: English

Fifty-seventh session
Agenda items 112 and 122

Programme budget for the biennium 2002-2003

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Implementation of all provisions of General Assembly resolution 55/231 on results-based budgeting

Note by the Secretary-General*

1. Pursuant to General Assembly resolutions 48/218 B of 29 July 1994, 54/244 of 23 December 1999 and 56/253 (para. 153) of 24 December 2001, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the implementation of all provisions of General Assembly resolution 55/231 of 23 December 2000 on results-based budgeting.

2. The Secretary-General takes note of the findings set out in the report and concurs with the suggestions for action outlined for the continued development of results-based budgeting.

* The present report was delayed due to the extensive consultations between the Office of Internal Oversight Services and the Office of Programme Planning, Budget and Accounts.

02-64328 (E) 071102

Summary

This report contains an evaluation of the implementation of all provisions of resolution 55/231 of 23 December 2000 on results-based budgeting, conducted by the Office of Internal Oversight Services in response to a request by the General Assembly in paragraph 153 of its resolution 56/253 of 24 December 2001.

Resolution 55/231 reflected, among other things, the decision of the General Assembly that results-based budgeting should be implemented in "a gradual and incremental manner, in full compliance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation and the Financial Regulations and Rules of the United Nations".

In order to facilitate the evaluation, the Office of Internal Oversight Services grouped the operative paragraphs of resolution 55/231 into thematic areas, reflecting the main areas of concern of Member States. These thematic areas constitute the main sections of the report. The information needed for the evaluation was collected through interviews with senior officers from relevant departments, legislative committees and other United Nations bodies and a thorough review of the process leading to the formulation of the programme budget for the biennium 2002-2003, as well as efforts to ensure continued improvements. The Office of Internal Oversight Services also took into account prior assessments of results-based budgeting and other related documents.

From the evaluation, the Office of Internal Oversight Services concludes that results-based budgeting is being implemented in the Organization in a manner consistent with the provisions of resolution 55/231 and confirmed in its report the following:

(a) Since the introduction of results-based budgeting, improvements have been made to establish logical links between the formulation of objectives and expected accomplishments and indicators. Links have also been established between the medium-term plan and the programme budget;

(b) The implementation of results-based budgeting has been undertaken in accordance with the provisions of Regulations and Rules Governing Programme Planning;

(c) Programme managers have flexibility to redeploy resources within limits in order to ensure programme implementation;

(d) Throughout the budget preparation process, the Budget Division conducted training and briefings to enhance the skills of staff involved in the formulation of the results-based budget.

The Office of Internal Oversight Services also identified particular challenges to the implementation of results-based budgeting that arose for the following reasons:

(a) The shift in focus from input/output to results orientation required a significant culture change that is still ongoing;

(b) The length and complexity of the planning, budgeting, monitoring and evaluation cycle and the need to adapt the components to the results paradigm;

(c) The inherent difficulties in quantifying and measuring many of the expected achievements of the Organization;

(d) The need for staff at all levels to become familiar with the terms and concepts of results-based budgeting.

Finally, the Office of Internal Oversight Services has identified several steps the Organization needs to take to further the implementation of results-based budgeting. These are detailed in the body of the report.

Contents

		Paragraphs	*Page*
I.	Introduction	1–4	4
II.	Evaluation methodology	5	5
III.	Findings and observations	6–43	6
	A. Development of the logical framework, linkages and terminology	6–15	6
	B. Compliance with the Regulations and Rules Governing Programme Planning	16–22	9
	C. External factors: role and usage	23–27	10
	D. Time frame for planning objectives	28–31	11
	E. Evaluation capacities	32–38	12
	F. Delegation of authority	39–41	13
	G. Training	42–43	14
IV.	Conclusions	44–45	15
V.	Looking ahead	46	15
Annex.	Programme planning, budgeting, monitoring and evaluation cycle		17

I. Introduction

1. The Secretary-General, in his report on results-based budgeting (A/54/456 and Add.1-5), proposed the introduction of a number of measures to strengthen the existing programme budgeting process. Those measures, derived from the proposals contained in his programme for reform (A/51/950) and his previous report on results-based budgeting (A/53/500 and Add.1), aimed at shifting the United Nations programme budget from a system of input accounting to one of results-based accountability. This required the articulation of expected accomplishments at the outset of the budgetary process and a shift from an exclusively quantitative focus on resources and activities to a more qualitative focus on expected accomplishments and the effectiveness of the Organization's activities.

2. It should also be noted that the General Assembly, in part II of its resolution 55/234 of 23 December 2000 on the report of the Secretary-General on programme performance of the United Nations for the biennium 1998-1999, recognized the need for clear statements of objectives, expected accomplishments and corresponding indicators of achievement in future medium-term plans and programme budgets in order to ensure better assessment of the implementation of programmes in the context of the biennial programme performance reports, in accordance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8).

3. The General Assembly, in its resolution 55/231 of 23 December 2000 on results-based budgeting, approved the proposal of the Secretary-General to proceed with the use of indicators of achievement in the programme budget and adopted a number of provisions concerning programme budgeting, monitoring and reporting. In the same resolution, the General Assembly also requested the Secretary-General to undertake a detailed analysis of the information, management control and evaluation systems required to implement the proposals contained in his report (A/54/456 and Add.1-5) and of the capacity and limitations of existing systems, and to submit a report thereon to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, at the time of submitting his proposed programme budget for the biennium 2002-2003. In response to that request, the analysis appeared in the annex to the introduction to the Secretary-General's proposed programme budget for the biennium 2002-2003 (A/56/6 (Introduction)). By paragraph 153 of its resolution 56/253 of 24 December 2001, the General Assembly, inter alia, "requested the Secretary-General to conduct an evaluation through the Office of Internal Oversight Services of the implementation of all provisions of resolution 55/231 on results-based budgeting".

4. It should be further noted that the proposed programme budget for the biennium 2002-2003 (A/56/6), contained the first budgetary proposals using a results-based format. The Committee for Programme and Coordination, at its forty-first session in May 2001, recommended that the General Assembly request the Secretary-General to encourage programme managers to continue their efforts to improve that presentation. The Committee emphasized the importance of the efficient implementation of programmes and recommended that the General Assembly request the Secretary-General to provide information on how programme managers review their programmed outputs to help Member States determine the continuing relevance and effectiveness of their programmes.[1]

II. Evaluation methodology

5. The methodology for the evaluation of the implementation of all provisions of resolution 55/231 involved:

(a) A review of all operative paragraphs of the resolution, grouping them into thematic areas to facilitate evaluation as shown in table 1;

Table 1

Thematic areas	*Paragraphs of resolution 55/231*
A. Development of logical framework, linkages and terminology	7, 8, 9, 10 and 12
B. Compliance with the Regulations and Rules Governing Programme Planning	6, 7, 11, 15, 20 and 22
C. External factors — role and usage	9, 13 and 14
D. Time frame of planning objectives	21 and 22
E. Evaluation capacities	23, 26 and 27
F. Delegation of authority and resources	16, 17, 18, 19, 24 and 25
G. Training	28

(b) Interviews were conducted with senior officers in the Office of Programme Planning, Budget and Accounts, the Office of Human Resources Management, the Department of Economic and Social Affairs, the Secretary of the Fifth Committee and the Committee for Programme and Coordination. Senior officials from the World Intellectual Property Organization, who have been closely involved with the implementation of results-based budgeting since its inception in that organization, were also interviewed to gain their perspective on this topic;

(c) A review of the steps in the process of formulating objectives, expected accomplishments and indicators of achievement to ensure that the Regulations and Rules Governing Programme Planning were respected;

(d) A review of the budget format for the biennium 2002-2003 to ascertain how the stated expected accomplishments and indicators of achievement would facilitate the measurement of achievements in the implementation of work programmes of the various departments and offices;

(e) A review of relevant documents to determine whether measures were taken to ensure continued improvement in the future formulation of objectives, expected accomplishments and indicators of achievement and that such improvements were made with the full involvement of the relevant intergovernmental bodies.

III. Findings and observations

A. Development of the logical framework, linkages and terminology (paras. 7, 8, 9, 10 and 12)

6. This group of operative paragraphs of resolution 55/231 focused on the definition and linkages between the elements of the logical framework, as well as the unique character of the United Nations. The General Assembly requested that there be direct and clear links between the expected accomplishments and indicators of achievements to the objectives spelled out for the proposed programme budget and the medium-term plan, and that the formulation of these should be continuously improved with the involvement of the relevant intergovernmental bodies. The General Assembly also requested that the focus should be on measuring achievements of the organization and not those of the individual Member States. Within the United Nations, the medium-term plan is considered the principal policy document for the programme of work. The biennial programme budget is based on the medium-term plan. The purpose of introducing results-based budgeting into programme planning in the United Nations was to shift the focus of the budgetary process from input accounting to results-based accountability. The shift in focus was facilitated by strengthening the link between objectives, expected accomplishments and indicators of achievement in the medium-term plan and the programme budget and formulating more coherently the programmatic elements in it.

7. The Office of Internal Oversight Services established that the United Nations Secretariat based the definitions of terms used in the results-based budgeting process on those inscribed in the annex to the Regulations and Rules Governing Programme Planning. In his report on results-based budgeting dated 11 October 1999 (A/54/456 and Add.1-5), the Secretary-General defined "expected accomplishments" as being equivalent to "expected results". Expected results would justify resource requirements that would be derived from, and linked to, the outputs required to achieve such results (see A/56/456, para. 25). Expected accomplishments are the effects of those services or products, leading to the fulfilment of the objectives. The report emphasized that a clear distinction can and should be made between outputs and expected results/accomplishments, and also emphasized that a greater number of outputs were not equivalent to a better result. The annexes to that report contained a glossary of relevant terms and guidelines for the formulation of objectives and expected accomplishments. The Advisory Committee considered the report of the Secretary-General on results-based budgeting (A/54/456 and Add.1-5) and issued its own comprehensive report on the subject (A/55/543) providing guidance for its implementation.

8. The original presentation of results-based budgeting by the Secretary-General in document A/54/456 emphasized the logical framework approach that highlighted the sequential linkages from objectives through expected accomplishments to outputs and outcomes. From the interviews conducted with senior officers in the Office of Programme Planning, Budget and Accounts and reviews of relevant General Assembly documents, the Office of Internal Oversight Services confirmed that the programme budget for the biennium 2002-2003 was prepared within the framework of the medium-term plan for the period 2002-2005 and was guided by the priorities, objectives and mandates set by Member States. The Office of Internal Oversight Services determined that the nature and scope of the departmental work

programmes, as approved by Member States, cover a broad range of the activities, which serve as the Organization's response to the challenges it faces during the medium-term plan period.

9. The basis of the logical framework approach is that overall objectives developed in the medium-term plan should be translated into expected accomplishments over the four-year period. This, in turn, would require identification of indicators that would gauge achievement of the expected accomplishments over the same four-year period. medium-term plan objectives, expected accomplishments and indicators could also be applicable to the programme budget. However, outputs are identified only for the biennial programme budget, so different expected accomplishments and indicators could also be developed relevant to the respective biennium. The achievements should be considered as building blocks towards the overall goal in the medium-term plan. However, for a variety of reasons, the linkages between objectives and expected accomplishments in the programme budget and medium-term plan were not always clear.

10. In April 2000, the Regulations and Rules Governing Programme Planning were revised and rules 104.7 and 105.4 refined the definitions of objectives and expected accomplishments. These definitions were subsequently elaborated in the instructions to programme managers regarding the preparation of the programme budget for the biennium 2002-2003. The definitions of the results-based budgeting terms were explained to programme managers during workshops held in 2000, together with the logical framework construction and emphasis on the link between resources (inputs) and results (outputs). The Office of Programme Planning, Budget and Accounts currently considers that the methodology and guidelines are in place and clear but implementation is still in early stages and should improve with successive planning cycles. Several initiatives are being undertaken in conjunction with the preparation of the programme budget for the biennium 2004-2005 and will be discussed later in the report. In this regard, the Office of Internal Oversight Services notes that the respective roles and responsibilities of programme managers, the Office of Programme Planning, Budget and Accounts and the Office of Internal Oversight Services vis-à-vis the results-based paradigm need to be clearly defined.

11. In the introduction to the proposed programme budget for the biennium 2002-2003 (A/56/6, paras. 9 and 11), the Secretary-General stated that "... there are clear linkages to the medium-term plan with respect to objectives, expected accomplishments and indicators of achievement"; and further that, "pursuant to the concerns of the Advisory Committee ... the objectives of the medium-term plan for the period 2002-2005 have been closely reflected as objectives for the biennium 2002-2003". The objectives express the overall desired outcome of a programme or subprogramme and form the foundation for programme design. The expected accomplishments are more specific and reflect benefits or changes that result from pursuing the objective. Outputs are concrete products or services delivered by a programme and are intended to lead to the achievement of the expected accomplishments. Indicators of achievement are meant to measure the extent to which the expected accomplishments have been achieved. The budget instructions clearly stated that, in keeping with regulation 4.2 of the Regulations and Rules Governing Programme Planing, objectives are derived from the policy orientation and goals set by the intergovernmental organs. The objectives of the programme express the overall desired achievement for the biennium. A highlighted point is that at the subprogramme level, the objective to be included in the submission should be

as formulated in the medium-term plan for 2002-2005 (as approved by the General Assembly). This integration of objectives within the programme planning cycle was clearly presented in the introduction to the proposed programme budget (A/56/6 paras. 34-38).

12. Extensive review of the submissions of programme managers was undertaken by the Office of Programme Planning, Budget and Accounts during the preparation of the programme budget for 2002-2003 and it was ensured that there were clear linkages to the medium-term plan for the period 2002-2005. Further revisions of the objectives, expected accomplishments and indicators of achievement as stated in the programme budget for 2002-2003 were undertaken by the Budget Division, in collaboration with the Office of Internal Oversight Services, in February 2001, and approved by the Committee for Programme and Coordination during its forty-first session in 2001. As indicated in the report of the Advisory Committee on Administrative and Budgetary Questions (A/56/7), the elements were also reviewed by the Advisory Committee, when it was considered that some objectives and expected accomplishments were too vague and there was a lack of consistency. Some objectives were reproduced directly from the medium-term plan, while others were not; the Committee for Programme and Coordination reiterated the need for clear statements of objectives, expected accomplishments and corresponding indicators of achievement in future medium-term plans and programme budgets. Those expected accomplishments that did not reflect the relevant section of the medium-term plan were amended as per resolution 56/253 and the Secretary-General was requested to prepare the next biennial proposed programme budget in full conformity with the directives.

13. As requested in resolution 55/231, the Secretariat has made efforts to continuously improve the formulation of objectives, expected accomplishments and indicators of achievement. Training has recently been provided to all programme managers to reinforce the fundamentals of results-based budgeting including the logical framework and to assist them in developing the data-collection methodology. The training stressed that the expected accomplishments (results) provide a critical linkage to the broad objectives of programmes and the implementation process. The training manual explains that the practical benefits of results-based management allow for the determination of the effectiveness and continued relevance of activities and to provide feedback to programmes for future actions. The results-based approach gives ground for promoting support for effective programmes; and for identifying the progress being made towards achieving the final objectives.

14. In paragraph 12 of resolution 55/231, the Assembly expressed the need to have a common set of terms and requested that the issue be brought to the attention of the Consultative Committee on Administrative Questions. The former Administrative Committee on Coordination, in February 1999, decided to revert to the question of updating the glossary of financial terms, with special attention to new terminology introduced for results-based budgeting. The former Consultative Committee on Administrative Questions (Finance and Budgetary), prepared a discussion paper,[2] containing a glossary of results-based budgeting terms of the United Nations system. In 2000, the United Nations System Chief Executives Board for Coordination replaced the Administrative Committee on Coordination, and the High-Level Committee on Management was created in place of the Consultative Committee on Administrative Questions (Finance and Budgetary). Since then, for a variety of reasons, little progress has been made in agreeing on a set of key terms and

guidelines. However, the new Finance and Budget Network has established web pages dedicated to the exchange of information among agencies on results-based budgeting, and the subject of common definitions will very likely be on the agenda of the next meeting of Finance and Budget Directors.

15. Interviews with managers of the Office of Programme Planning, Budget and Accounts and the World Intellectual Property Organization indicated that, in their view, the current terminology was adequate and the need for uniform terminology was not critical. It was considered that each body had different goals, activities and methods of intergovernmental guidance that impacted on the terminology in use. The management of the Office of Programme Planning, Budget and Accounts stressed, and the Office of Internal Oversight Services concurs, that the objective of the implementation of results-based budgeting is that United Nations managers and staff look beyond the delivery of outputs/services. Irrespective of terminology, there is a need for the Organization to focus on what it intends to accomplish rather than on what activities it intends to undertake.

B. Compliance with Regulations and Rules Governing Programme Planning (paras. 6, 7, 11, 15, 20 and 22)

16. Compliance with the Regulations and Rules Governing Programme Planning, was, in the opinion of the Office of Internal Oversight Services, a core consideration of resolution 55/231. The resolution specified, among other things, that its implementation should be accomplished in full compliance with the Regulations and Rules. Accordingly, the Office of Internal Oversight Services conducted an extensive review of this issue.

17. The Office of Internal Oversight Services confirmed that the instructions for the preparation of the proposed programme budget for the biennium 2002-2003 clearly stated that, in keeping with regulation 4.2 of the Regulations and Rules Governing Programme Planning, objectives are derived from the policy orientation and goals set by the intergovernmental organs. The objectives of the subprogramme express the overall desired achievement for the biennium. A highlighted point is that "at the subprogramme level, the objective to be included in the submission should be formulated according to the objective in the medium-term plan for the period 2002-2005 (as approved by the General Assembly)". This integration into the programme planning cycle was clearly presented in the introduction to the proposed programme budget for the biennium 2002-2003 (A/56/6, paras. 34 to 38).

18. The programme planning, budgeting, evaluation and monitoring cycle, as depicted in the annex to the present report, was originally elaborated in the report of the Secretary-General on ways in which full implementation and the quality of mandated programmes and activities could be ensured and could be better assessed by, and reported to, Member States (A/55/85). The cycle demonstrates the involvement of intergovernmental organs specifically at the planning and budgeting stages, including the linkage between the medium-term plan and the programme budget. Further discussion on the planning cycle can be found in paragraphs 28 to 31, below.

19. The Office of Internal Oversight Services confirmed that, since the introduction of results-based budgeting, efforts have been made to improve at the subprogramme level, the formulation of objectives and expected accomplishments in

the proposed programme budget for the biennium 2002-2003. These improvements have greatly enhanced the key elements of results-based budgeting, and have taken into consideration the Regulations and Rules Governing Programme Planning.

20. The Office of Internal Oversight Services also confirmed that throughout the budget preparation process, the Budget Division has continued to provide regular briefing and guidance to all departments and offices to enhance the skills of staff involved in developing the formulas of subprogramme objectives in the context of results-based-budgeting approach and in line with the Regulations and Rules Governing Programme Planning (see also paras. 42 and 43).

21. Based on its review, the Office of Internal Oversight Services found that the Secretariat has made consistent efforts in clearly linking the basic elements of results-based budgeting to the medium-term plan. A review of the programme budget for the biennium 2002-2003 shows that there are references to the medium-term plan in the overview to each budget section and subprogramme. The formulation of expected accomplishments and indicators of achievements, as well as the outputs listed for each budget section and subprogramme are in conformity with the medium-term plan. This link between the medium-term plan and the programme budget ensures a solid basis for the other phases of the programme planning, budgeting, monitoring and evaluation cycle.

22. The Office of Internal Oversight Services confirmed that, in keeping with the responsibility of the Secretary-General to provide complete information in support of the financial aspects of his budget proposals, input data at the same level of detail was provided in the proposed programme budget for 2002-2003, although the budget presentation had been reoriented towards a results-based format, including objectives, expected accomplishments and indicators of achievement.

C. External factors: role and usage (paras. 9, 13 and 14)

23. In resolution 55/231, the General Assembly stressed that external factors formulated in the logical framework should be specific to the objectives and expected accomplishments. The Assembly also decided that significant external factors should be identified for future medium-term plans. The Office of Internal Oversight Services reviewed the use of external factors in the budget process, analysing the information available. The purpose of external factors is to set the boundaries for accountability by clarifying what could either enable or obstruct the achievement of the expected accomplishments. As described by the Secretary-General, the external factors, together with the objectives, the expected accomplishments and the indicators of achievement, are intended to constitute an interrelated whole within a logical framework and to delineate the boundaries for programme managers' accountability. External factors that are specific to the subprogramme are therefore necessary to reflect conditions or events that are beyond the control of the Organization but which will have an impact on the achievement of its objectives and expected accomplishments and could therefore influence the assessment of performance.[5]

24. External factors were included for the first time in the proposed programme budget for 2002-2003. However, they were not part of the prototypes issued by the Budget Division and not included in the reformatted medium-term plan for the period 2002-2005. While no guidelines were provided for external factors in the

budget instructions for the proposed programme budget for the biennium 2002-2003, subsequent guidelines were provided to assist programme managers in their use of the Integrated Monitoring and Documentation Information System (IMDIS) for the preparation of the programmatic aspects of the budget.

25. During the review, the Office of Internal Oversight Services found that programmes listed various factors affecting the achievement of their expected accomplishments under the external factor category. Some programmes noted that the actions, or absence of actions, taken by Member States and the legislative bodies was a potential reason for the non-achievement of their expected accomplishments. Other external factors cited included: cooperation of other United Nations organs and agencies and external parties; decisions of States parties and treaty-mandated bodies; the situation in the country where the programme is being implemented; support of Member States and specialized agencies; situation on the ground; willingness of civil society to enter into partnerships; and stable pricing of publications.

26. In the programme budget, the expected accomplishments of many United Nations programmes are linked to and dependent on actions by Member States. In resolution 55/231, the General Assembly clearly stressed that while external factors should be identified, the assessment of the Organization's performance should not be distorted by the impact of unforeseen external factors. The Office of Internal Oversight Services concurs with Joint Inspection Unit's suggestion that, in order to reduce the impact of at least those external factors that are related to the actions of the Organization's constituents, (see A/54/287, paras. 58-60), the formulation of the external factors should involve both Member States and the Secretariat and a collaborative effort should be made to agree on the factors for each programme.

27. Such an approach would ensure that not only the quality of work of the Secretariat is addressed, but also the impact of work of all concerned on the intended beneficiaries. This would provide the needed feedback to Member States and the Secretariat on the relevance and effectiveness of programmes.

D. Time frame for planning objectives (paras. 21 and 22)

28. In resolution 55/231, the difficulty of achieving the results of complex and long-standing political activities within specific time frames was recognized. The Assembly therefore reaffirmed its rule 104.7 (b) in the Regulations and Rules Governing Programme Planning that for such longer-term objectives, more specific objectives to be achieved within the planned period should be set. The medium-term plan constitutes the foundation of the programme planning, budgeting, monitoring and evaluation cycle of the United Nations. It is the principal policy document of the United Nations translating legislative mandates into programmes of work. The medium-term plan for the period 2002-2005 follows the format requirements set out in the Regulations and Rules Governing Programme Planning. Each programme in the medium-term plan begins with an introductory section, which describes its overall orientation, as well as its objectives and the strategy to be followed at the programme level. Where this overall orientation is relevant for a term longer than that covered by the medium-term plan, specific objectives for the plan period are also developed at the programme level. Furthermore, for each subprogramme, the

medium-term plan describes the objective, strategy, expected accomplishments and indicators of achievement for the plan period.

29. The objectives express the overall desired achievement of each programme and subprogramme. They are formulated to bring about observable change rather than a description of an ongoing activity. In keeping with regulation 4.2, objectives are derived from the policy orientations and goals set by the intergovernmental organs. In programmes where the activities can be considered ongoing, it can be difficult to define objectives that are limited to covering only the four-year period.

30. The Office of Internal Oversight Services also noted that the Secretariat has had difficulty formulating expected accomplishments and indicators of achievement that contain both intermediate and end outcomes, especially for programmes where outcomes cannot always be determined within one budget cycle or one medium-term plan period. It can be anticipated that improvements in this area will be seen over the next few bienniums as more experience is gained in formulating the components of the logical framework.

31. The Office of Internal Oversight Services notes that in the recently issued report of the Secretary-General, entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387), changes have been proposed to the current budgeting and planning process, particularly a shorter and more strategic medium-term plan covering two years, rather than four. It could be expected that this change would facilitate the process of aligning expected accomplishments between the medium-term plan and the programme budget.

E. Evaluation capacities (paras. 23, 26 and 27)

32. In resolution 55/231, the General Assembly emphasized the need for the Secretariat to continue to improve programme evaluation capacities in a manner complementary to the existing evaluation systems. During its review, the Office of Internal Oversight Services confirmed that, while these refinements could be accommodated within the existing Regulations and Rules Governing Programme Planning, no significant progress has been made to update existing methodologies or capacities so that they dovetail with the requirements of the new results-based system. The Office of Internal Oversight Services noted further that, as documented in the latest report on strengthening evaluation (A/57/68), the global capacity of departments and offices for conducting evaluations has declined over the years.

33. The Office of Internal Oversight Services finds that there is a definite need to strengthen evaluation capacities systemwide. The report of the Secretary-General on strengthening of the United Nations also calls for a strengthened system of evaluation and monitoring that will better measure the impact of the Organization's work. The Office of Internal Oversight Services believes that it is particularly important that the evaluation methodology applied by United Nations departments and offices for self-evaluations and results-based budgeting be developed together and standardized to allow for sharing of methodology and experience among programmes.

34. One of the first steps to strengthen evaluation capacity has been the preparation of part I of the updated Evaluation Manual in 2001, which deals with the technical aspects of conducting in-depth evaluations. During the biennium 2002-

2003, the Office of Internal Oversight Services will prepare part II of the manual, which will focus on self-evaluation within the new results-based budgeting context. The Office of Internal Oversight Services has been involved in the design and conduct of the training efforts undertaken in mid-2002 on data collection for measuring results being spearheaded by the Office of Programme Planning, Budget and Accounts. It will draw on the material developed for this training, as well as on experiences garnered from participating in the training, design and formulation of the second part of the Manual. It is anticipated that, subject to availability of resources, the Office of Internal Oversight Services will conduct training exercises throughout the Secretariat during the biennium 2004-2005.

35. In resolution 55/231, the General Assembly also requested that a detailed analysis be undertaken of the information, management control and evaluation system required to implement the new results-based system. A comprehensive analysis was provided in the annex to the introduction of the proposed programme budget for the biennium 2002-2003. The analysis also identified a number of areas where existing systems needed to be enhanced or new systems developed.

36. One of those systems is IMDIS, which is an Internet-based system, originally developed by the Department of Economic and Social Affairs for the purpose of tracking implementation of programmed outputs and meeting the programme performance requirements of the General Assembly. It has been used for programme performance reporting for the past two bienniums and for the preparation of the programme budget for 2002-2003. IMDIS includes all the objectives, expected accomplishments and indicators of achievement for each subprogramme of the medium-term plan for the period 2002-2005.

37. The Office of Internal Oversight Services has ascertained that additional enhancements to IMDIS are needed to capture information on data collection, for measurement of results and to link IMDIS to other budgetary and financial systems. These enhancements are currently being discussed by the Department of Economic and Social Affairs, the Office of Programme Planning, Budget and Accounts and the Office of Internal Oversight Services in order to take all needs into account. Several of the enhancements have already been implemented to facilitate monitoring of the programme budget for 2002-2003 and preparation of the one for 2004-2005.

38. The Office of Internal Oversight Services has also undertaken a review of the current format of the programme performance report, with a view to shifting its focus to the measurement of results and enhancing it so that its value as a tool for planning or refining programmes is enhanced.

F. Delegation of authority (paras. 16, 17, 18, 19, 24 and 25)

39. The resolution focused on the question of resources, deciding that any transfer of resources between post and non-post objects of expenditure would require the prior approval of the General Assembly. It stressed that any proposed added flexibility in managing inputs, if approved by the General Assembly, should always be accompanied by increased accountability and with strict respect for the norms and decisions established by the General Assembly. During its review, the Office of Internal Oversight Services found that the allotment advice issued to each programme manager clearly states the delegation of authority in programme delivery, in particular the transfer of resources within sections of the programme and

between certain objects of expenditure. Thus, the programme manager has flexibility to redeploy resources within limits in order to ensure programme implementation.

40. In the context of the performance report on the programme budget, requests for approval by the General Assembly on transfer of resources between post and non-post objects of expenditure are sought for various reasons including variation in post costs and adjustments to other objects of expenditure based on actual versus anticipated requirements. These changes can result in a net increase or decrease in post costs.

41. Interviews with the Office of Programme Planning, Budget and Accounts, as well as the review of budget and resource allocation guidelines confirmed that flexibility was being exercised in accordance with the norms and decisions of the General Assembly and as provided in the Financial Regulations and Rules of the United Nations. As stated in the proposed programme budget for the biennium 2002-2003, and confirmed by the Office of Programme Planning, Budget and Accounts, flexibility in the use of non-post costs will continue within the limits set by the Financial Regulations and Rules of the United Nations, and in concert with the limits imposed by the General Assembly in the allocation of resources for every section of the budget, the staffing table and the rules and procedures for personnel matters.

G. Training (para. 28)

42. The resolution placed emphasis on the need for implementing an adequate training programme to enhance staff proficiency in the concepts and techniques of results-based budgeting. The Office of Internal Oversight Services ascertained that in order to improve competence of staff with regard to results-based budgeting, the Office of Programme Planning, Budget and Accounts carried out training workshops throughout the entire Secretariat in 2000 to familiarize staff with basic concepts and techniques and also to raise awareness about linkages to other management issues. These were conducted at the time of issuance of programme budget instructions. During the period September 2000 to January 2001, eight Performance Indicator Workshops were conducted, involving 197 participants and eight Programme Budget Preparation clinics that involved 89 participants. The training received favourable ratings from participants. In addition, OPPBA has established a web site (http://ppbd.un.org/rbb) to assist programme managers and staff in the implementation of results-based budgeting, including the preparation of the logic model for the 2004-2005 budget period.

43. As part of a two-year project financed from extrabudgetary resources, a second wave of training in data-collection methods for measuring results has been implemented by the Office of Programme Planning, Budget and Accounts in the summer of 2002. It is expected that, during the period of the project, 2,500 staff will be trained globally in managing the transition and implementing results-based budgeting. The longer-term objective is to mainstream this type of training into the standard training programmes to be offered by the Office of Human Resources Management in the coming years, a step that is pivotal to ensuring that a results-based culture is firmly established in the Organization.

IV. Conclusions

44. The Office of Internal Oversight Services is satisfied that results-based budgeting has been implemented in the Organization in a manner consistent with the provisions of resolution 55/231. Particular challenges to the implementation arose for the following reasons:

(a) The shift in focus from input/output to results orientation required a significant culture change in the Organization that is still ongoing;

(b) The length and complexity of the planning, budgeting, monitoring and evaluation cycle and the need to adapt the components to the results paradigm;

(c) The inherent difficulties in quantifying and measuring many of the expected achievements of the Organization;

(d) The need for staff at all levels to become familiar with the concepts and terms of results-based budgeting.

45. However, despite these challenges, the Office of Internal Oversight Services is confident that results-based budgeting is taking hold in the Organization and will assist programme managers and Member States to better plan, implement and assess its work. This is a process that will span several bienniums and require continued refinement of objectives, expected accomplishments and indicators of achievement.

V. Looking ahead

46. The following list provides the most important steps that need to be taken by the Organization to bring the implementation of result-based budgeting to the next level:

(a) Given its long-lasting impact, the medium-term plan for the period 2006-2009 needs to be developed through detailed consultations within substantive department and offices before being submitted to the Office of Programme Planning, Budget and Accounts. The inclusion of a clear strategy for implementing its objectives across two bienniums is particularly important;

(b) The respective roles and responsibilities of programme managers, the Office of Programme Planning, Budget and Accounts and the Office of Internal Oversight Services vis-à-vis the results-based paradigm need to be clearly defined;

(c) Self-evaluation and self-monitoring on the part of programme managers need to become part of the management culture and practice, with programme managers being fully involved in and aware of the development of the logical framework for their programmes;

(d) The format of the programme performance report needs to be enhanced to reflect the measurement of results, while maintaining the link to the provision of mandated outputs;

(e) Information systems, specifically IMDIS, need to be enhanced to provide methods of capturing qualitative information and links to other budgetary and financial systems;

(f) Evaluation methodologies need to support the results-based paradigm by providing better linkage between evaluation and planning;

(g) Clearer guidelines need to be provided to programme managers and collaboration with external bodies should be explored on the inclusion of external factors in the logical framework;

(h) Programme managers must take ownership of the objectives, expected accomplishments and indicators of achievement used to measure results of their programmes.

(*Signed*) Dileep **Nair**
Under-Secretary-General for Internal Oversight Services

Notes

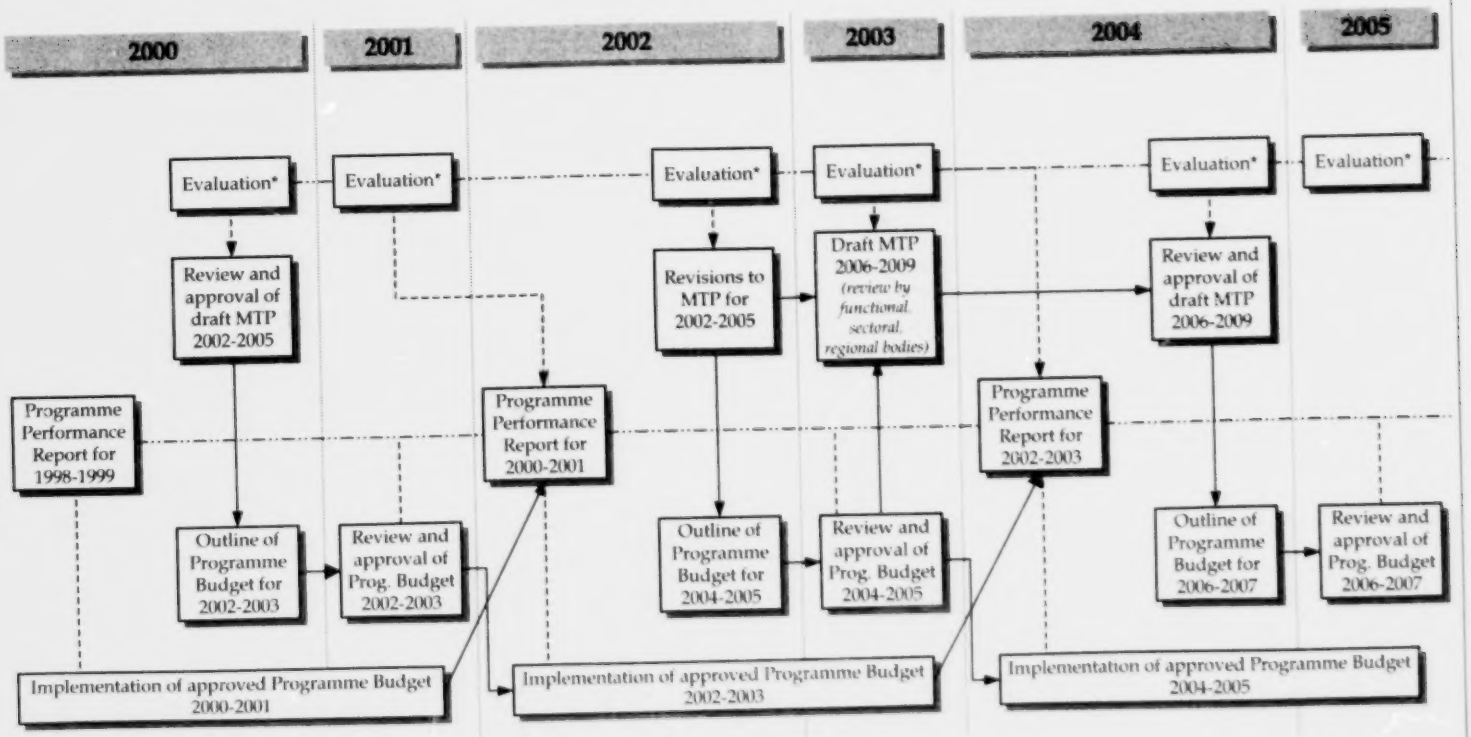
[1] See *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 16* (A/56/16).

[2] ACC/1999/FB/90/CRP.10, dated 25 August 1999.

[3] See A/56/6 (Introduction), para. 8.

Annex

Programme planning, budgeting, monitoring and evaluation cycle


2000
2001
2002
2003
2004
2005
Evaluation*
Evaluation*
Evaluation*
Evaluation*
Evaluation*
Evaluation*
Review and approval of draft MTP 2002-2005
Revisions to MTP for 2002-2005
Draft MTP 2006-2009 (review by functional, sectoral, regional bodies)
Review and approval of draft MTP 2006-2009
Programme Performance Report for 1998-1999
Programme Performance Report for 2000-2001
Programme Performance Report for 2002-2003
Outline of Programme Budget for 2002-2003
Review and approval of Prog. Budget 2002-2003
Outline of Programme Budget for 2004-2005
Review and approval of Prog. Budget 2004-2005
Outline of Programme Budget for 2006-2007
Review and approval of Prog. Budget 2006-2007
Implementation of approved Programme Budget 2000-2001
Implementation of approved Programme Budget 2002-2003
Implementation of approved Programme Budget 2004-2005

→ Direct linkage between components

------ Information material assisting consideration and review

—·—·— Sequential parts of process

MTP = mid-term plan.

* Programmes evaluated as decided by the Committee for Programme and Coordination